

## BILL ANALYSIS

By: Tejeda

S.B. 1075  
Enrolled

### BACKGROUND:

The preparation of notes, deeds of trust, and other instruments affecting title to real property constitutes the practice of law. Because of the complexity of the law involved, the potential for consumer abuse is great. However, many lenders are unaware that Texas prohibits such documentation.

### PURPOSE:

As proposed, S.B. 1075 prohibits the request or payment for preparation of legal documents affecting title to real estate, provides for a cause of action and damages in satisfaction of a violation of this Act and also provides for injunctive relief.

### RULEMAKING AUTHORITY:

It is the committee's opinion that this bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS:

SECTION 1. Provides that the word "person" as used in this Act has the meaning given by Section 311.005(2), Code Construction Act.

SECTION 2. (a) Prohibits a person other than a licensed attorney from receiving compensation for any part of the preparation of a legal instrument affecting title to real property.

(b) Allows a person to seek reimbursement for attorney cost incurred for such preparation.

(c) Allows an attorney to pay for secretarial, paralegal, or other expenses involved in real estate transactions. Provides that this Act does not apply to licensed real estate brokers.

(d) Provides that this Act does not conflict with current statutes concerning the practice of law.

SECTION 3. Permits a person who pays a fee prohibited under this Act to bring suit for recovery of the fee, triple damages, and court costs and attorney's fees.

SECTION 4. Provides that a violation of this Act constitutes the unauthorized practice of law subject to injunction.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date. September 1, 1987.

SECTION 7. Emergency clause.